

Office of the
Legislative Fiscal Analyst

FY 2005 Budget Recommendations

Joint Appropriations Subcommittee for
Natural Resources

Utah Department of Agriculture and Food
General Administration

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1.0 Summary: General Administration

The General Administration line item contains most of the department's programs. Detail on each program can be found in Section 3.0.

	Analyst FY 2005 Base	Analyst FY 2005 Changes	Analyst FY 2005 Total
Financing			
General Fund	7,836,000	700	7,836,700
Federal Funds	2,118,600		2,118,600
Dedicated Credits Revenue	1,567,100	40,300	1,607,400
GFR - Horse Racing	50,000		50,000
GFR - Livestock Brand	749,700	40,000	789,700
GFR - Wildlife Damage Prev	66,400		66,400
Total	\$12,387,800	\$81,000	\$12,468,800
Programs			
General Administration	1,174,500		1,174,500
Meat Inspection	1,641,000		1,641,000
Chemistry Laboratory	683,000		683,000
Animal Health	1,005,100		1,005,100
Agriculture Inspection	1,693,000		1,693,000
Regulatory Services	2,342,400	41,000	2,383,400
Public Affairs	77,200		77,200
Sheep Promotion	50,000		50,000
Auction Market Veterinarians	72,000		72,000
Brand Inspection	1,155,800	40,000	1,195,800
Utah Horse Commission	50,000		50,000
Environmental Quality	1,490,800		1,490,800
Grain Inspection	433,700		433,700
Insect Inspection	215,500		215,500
Marketing and Development	303,800		303,800
Total	\$12,387,800	\$81,000	\$12,468,800
FTE/Other			
Total FTE	186.1	1.0	187.1

2.0 Issues: General Administration

2.1 Egg and Poultry Grader

Growth at Delta Egg Farms requires one additional egg inspector. Under cooperative agreement with the United States Department of Agriculture, the Utah Department of Agriculture and Food inspects all egg products from Utah producers. The UDAF also is under contract with Delta Egg Farms. The Analyst recommends the Legislature appropriate \$40,300 entirely from fees charged to Delta Egg Farms.

Dedicated Credits.....\$40,300

2.2 Brand Renewal

The department is mandated by law (UCA 4-24-7) to renew all livestock brands and earmarks on record every five years and to produce a brand book for general distribution. Approximately 20,000 such records are on file. During the year 2005 the department will conduct its next review and ensure that every livestock owner in the state be given the opportunity to renew his/her brand or earmark for an additional five years. At the end of the process a brand book will be published. Funding comes from restricted funds.

GFR – Livestock Brand Account.....\$40,000

2.3 Cricket and Grasshopper Control

The number of acres infested by crickets and grasshoppers in Utah continues to be high, estimated at 3.4 million acres in 2003. The Legislature has appropriated supplemental funds to the department during four of the past five years to take control measures. The Analyst will also recommend supplemental funding for FY 2004 (if funds become available) but does not currently recommend additional funding for FY 2005, which can be handled on a supplemental basis next year.

2.4 Meat Inspector Funding Increase

With the discovery of mad cow disease in the state of Washington, the United States Department of Agriculture has already added new requirements to the meat inspection process in this country. Public safety and public perception require concrete steps to prove the problem is being corrected. Since the state is required to have an inspection process at least equal to the federal government, it is very likely the state will soon need additional inspectors to meet the increased workload. The Analyst recommends \$18,400 if additional General Funds become available. These funds would be matched by federal funds and would hire one inspector.

General Fund (if available)\$18,400
Federal Funds (if available)\$18,400

2.5 Diseased Rabbits – Reimbursement to Owners

Rep. Dougall has requested that the subcommittee consider once again reimbursing three rabbit farmers whose diseased animals were euthanized by the state in 2001. Viral Hemorrhagic Disease most likely arrived with a buyer from China. There is one other case where the state paid indemnity, and that occurred in 1984 with about 700 pheasants. The state paid one-third of their appraised value of \$9/bird, for a total payment of \$2,100. The total amount requested in this case is \$28,600.

2.6 Fee Increases Tied to Salary Increases

The department has requested some fee increases in order to give salary increases in various programs, including Veterinarians, Environmental Health Scientists, Weights and Measures Inspectors, Environmental Practices and Compliance Specialists, Marketing Specialist, Compliance Specialist (pesticides), and Brand Inspectors. While the Analyst agrees that these positions are underpaid, they are certainly not alone in the state. The Governor's budget recommendations did not include salary increases over a two percent increase for all state employees and some Market Comparability Adjustments (MCA). If the Legislature does not approve a general increase for all state employees, the Analyst recommends approval of the department's request to raise fees and salaries for targeted positions.

The spreadsheet on the following page compares the agency's request to the Market Comparability Adjustments (MCA) recommended by the Department of Human Resource Management and by the Governor's Office.

Agriculture's Request for Salary Increases Compared to MCA/Governor Recommendations
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<u>Program</u>	<u>Agency Request</u>					<u>Total</u>
	<u># FTE</u>	<u>Gen Fund</u>	<u>Fed Funds</u>	<u>Ded Cred</u>	<u>Restricted</u>	
Veterinarians	5		\$20,300	\$24,700		\$45,000
Enviro. Health Scientists	15			\$89,800		\$89,800
Weights & Measures Insp.	15			\$27,800		\$27,800
Enviro Pract & Compli Spec	5		\$3,600	\$26,700		\$30,300
Marketing Specialist	1			\$6,000		\$6,000
Pesticide Compliance Spec	22		\$34,700	\$19,500		\$54,200
Brand Inspectors	24.75				\$36,100	\$36,100
Totals	87.75	\$0	\$58,600	\$194,500	\$36,100	\$289,200

The following fee increases were requested to fund salary increases:

	<u>Prior Fee</u>	<u>New Fee</u>	<u>New Revenue</u>	<u>Governor Recomm</u>
Pesticide Product Registration*	\$60.00	\$80.00	\$160,000	Yes
Pesticide Triennial Dealer License*	\$45.00	\$100.00	\$5,500	Yes
Brand Inspection per head (cattle)^	\$0.55	\$0.60	\$31,000	No
Brand Inspection per head (horse)^	\$0.70	\$0.75	\$750	No

*Challenge: These fees are currently considered "regulatory" and proceeds are deposited in the General Fund. Options: 1) Change statute to cap General Fund proceeds and designate the increase as Dedicated Credits; 2) Increase these fees and also increase the appropriation from the General Fund; 3) Leave these fees alone and instead use other fees that are already designated as Dedicated Credits; 4) Fund the MCAs recommended below.

^Brand Inspection proceeds are deposited into the restricted account.

<u>Market Comparability Adjustments Recommended by Governor</u>						
<u>Program</u>	<u># FTE</u>	<u>Gen Fund</u>	<u>Fed Funds</u>	<u>Ded Cred</u>	<u>Restricted</u>	<u>Total</u>
Veterinarians	4	\$10,200				\$10,200
Weights & Measures Insp	7	\$20,800				\$20,800
Pesticide Compliance Spec	2			\$2,400		\$2,400
Administrative Services	5	\$2,100			\$3,400	\$5,500
Chemistry Lab	4	\$11,300				\$11,300
Meat Inspection	1	\$1,400	\$1,400			\$2,800
Totals	23	\$45,800	\$1,400	\$2,400	\$3,400	\$53,000

3.0 Programs: General Administration

3.1 Administrative Services

Recommendation

The Analyst recommends **\$1,174,500** for this program, funded mostly from the General Fund. Other funds are used to pay their share of overhead costs for services rendered by this program. The Analyst's recommendation does not include any personal services adjustments over FY 2004.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	1,119,500	1,139,500	1,132,300	(7,200)
General Fund, One-time	85,000	63,300		(63,300)
Federal Funds	246,200	3,100	3,100	
Dedicated Credits Revenue	7,400	10,000	10,000	
GFR - Livestock Brand	12,700	12,700	12,700	
GFR - Wildlife Damage Prev	16,500	16,400	16,400	
Transfers	26,200			
Beginning Nonlapsing	403,800	358,100		(358,100)
Closing Nonlapsing	(358,100)			
Lapsing Balance	(72,200)			
Total	\$1,487,000	\$1,603,100	\$1,174,500	(\$428,600)
Expenditures				
Personal Services	1,036,300	1,046,400	1,033,200	(13,200)
In-State Travel	4,500	4,100	4,100	
Out of State Travel	10,500	8,200	8,200	
Current Expense	180,300	76,100	66,000	(10,100)
DP Current Expense	156,200	85,200	63,000	(22,200)
Capital Outlay	15,800	136,700		(136,700)
Other Charges/Pass Thru	83,400	246,400		(246,400)
Total	\$1,487,000	\$1,603,100	\$1,174,500	(\$428,600)
FTE/Other				
Total FTE	17.9	18.5	18.5	0.0

*Non-state funds as estimated by agency

Purpose

The Administrative Services division ensures that all financial transactions are performed according to state laws and procedures. Other responsibilities include budgeting, human resource management, information technology services, establishment of department policies, federal grant administration, and other accounting functions.

Intent Language

Included in this appropriation is \$40,000 in ongoing General Funds (previously \$100,000) for departmental purchases or grants to non-state agencies to purchase conservation easements (1998 General Session). The Analyst recommends **continuing** the following intent language:

It is the intent of the Legislature that the appropriation for conservation easements, whether granted to charitable organizations specified under UCA 57-18-3 or held by the Department of Agriculture and Food, be used to conserve agricultural lands and be nonlapsing.

The department is in compliance with this language and currently holds title to five conservation easements.

**Previous Budget
Action Report**

In the 2003 General Session the Legislature approved the following budget actions:

- (\$9,000) ongoing General Funds transferred to Building Operations line item
- \$50,000 one-time transfer of General Funds from the Division of Forestry, Fire and State Lands (DNR) to pass-through to “Ag in the Classroom”
- \$10,000 one-time transfer of General Funds from the Division of Wildlife Resources (DNR) to pass through to high school rodeo competitors

The department has passed these funds through to the appropriate entities.

3.2 Meat Inspection

Recommendation

The Analyst's recommendation of \$1,641,000 represents a 53 percent federal / 47 percent state funding split. This program has typically been funded at approximately a 50/50 split. Recent General Fund reductions have forced the department to make adjustments to keep the ratio around 50/50, since most of these federal funds require a state match. Personal Services comprise 86 percent of the recommended funding.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	756,400	776,400	778,400	2,000
General Fund, One-time	33,600	2,300		(2,300)
Federal Funds	763,700	864,900	862,600	(2,300)
Dedicated Credits Revenue	200			
Beginning Nonlapsing	4,700	34,600		(34,600)
Closing Nonlapsing	(34,600)			
Lapsing Balance	1,600			
Total	<u>\$1,525,600</u>	<u>\$1,678,200</u>	<u>\$1,641,000</u>	<u>(\$37,200)</u>
Expenditures				
Personal Services	1,363,600	1,427,300	1,417,800	(9,500)
In-State Travel	10,900	20,000	20,000	
Out of State Travel	2,300	13,800	13,800	
Current Expense	132,100	170,700	166,500	(4,200)
DP Current Expense	13,600	35,900	22,900	(13,000)
Capital Outlay		10,500		(10,500)
Other Charges/Pass Thru	3,100			
Total	<u>\$1,525,600</u>	<u>\$1,678,200</u>	<u>\$1,641,000</u>	<u>(\$37,200)</u>
FTE/Other				
Total FTE	29.0	28.2	28.2	0.0
*Non-state funds as estimated by agency				

Meat Inspection Funding Increase

With the discovery of mad cow disease in the state of Washington, the United States Department of Agriculture has already added new requirements to the meat inspection process in this country. Public safety and public perception require concrete steps to prove the problem is being corrected. Since the state is required to have an inspection process at least equal to the federal government, it is very likely the state will soon need additional inspectors to meet the increased workload. The Analyst recommends \$18,400 if additional General Funds become available. These funds would be matched by federal funds and would hire one inspector.

General Fund (if available)\$18,400

Purpose

Utah's meat inspection system ensures that meat and poultry coming from state-inspected facilities is safe, wholesome, and correctly labeled and packaged as required by state law (UCA 4-32) and federal law. The program inspects and regulates raw beef, pork, lamb, chicken, and turkey, as well as ready-to-eat and other processed products. Inspectors test for the presence of pathogens, toxins, drugs and chemical residues. Inspections are done before and after slaughter. Facilities are inspected for cleanliness and sanitation. Utah is one the few states to be awarded a "Category 1" ranking by the USDA. According to the USDA, consumers spend one third of their annual food dollars on meat and poultry products.

Performance Measures

Description	FY 2002	FY 2003
Salmonella sampling (number of tests)	316	318
E. Coli sampling (number of tests)	234	260
Ready-to-eat meat product sampling (# of tests)	49	296
Facility sanitation review, slaughter observation and inspector monthly training (# of visits)	221	240
Itemized list of animals slaughtered in official state-inspected facilities (number of animals)	39,896	27,223
Itemized list of animals slaughtered in under Custom Tripod slaughter (number of animals)	7,024	7,687
Itemized list of animals slaughtered under federal guidelines by state inspectors (number of animals)	64,523	67,248

3.3 Chemistry Laboratory

Recommendation

Total funding is recommended at **\$683,000**. This program receives the major portion of its funding from the General Fund, but some funding is supplied by the federal government to pay for monitoring of pesticides in groundwater and inspection of meat samples.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	621,900	630,300	626,200	(4,100)
General Fund, One-time	6,600	1,900		(1,900)
Federal Funds	82,100	57,400	56,800	(600)
Dedicated Credits Revenue	20,600			
Beginning Nonlapsing	92,300	50,500		(50,500)
Closing Nonlapsing	(50,500)			
Lapsing Balance	58,000			
Total	\$831,000	\$740,100	\$683,000	(\$57,100)
Expenditures				
Personal Services	610,700	631,700	619,800	(11,900)
In-State Travel	600	500	500	
Out of State Travel	5,700	2,900	2,900	
Current Expense	106,400	49,900	49,300	(600)
DP Current Expense	31,500	30,100	10,500	(19,600)
Capital Outlay	61,400			
Other Charges/Pass Thru	14,700	25,000		(25,000)
Total	\$831,000	\$740,100	\$683,000	(\$57,100)
FTE/Other				
Total FTE	10.5	11.5	11.5	0.0

*Non-state funds as estimated by agency

Purpose

The Chemistry Laboratory provides analytical support and services for the various divisions of the Department. Analysis may be performed for other agencies as long as it does not interfere with work required by the Department. In all cases, the purpose of the work is to ensure that products comply with label guarantees, to ensure that products are free of pathogens and toxins, and to protect the consumer, farmer, and industry. Some of the products tested are feed, fertilizer, pesticides, meat and meat products, filling material in bedding and garments, dairy products, food, filth and foreign material, groundwater, and other items as needed.

Performance Measures

Description	FY 2002	FY 2003
Dairy product monitoring (number of tests)	9,787	9,067
Groundwater monitoring (number of tests)	22,880	16,673
Meat testing (number of tests)	1,125	2,566
Pesticide monitoring (number of tests)	9,594	11,705
Feed and fertilizer monitoring (number of tests)	2,049	1,771

3.4 Animal Health

Recommendation

The Analyst recommends a total budget of **\$1,005,100**. Dedicated Credits come from the sale of health certificates, Coggins testing (for Equine Infectious Anemia), veterinarian service fees, and citations. Some fees charged by this division are deposited in the state's General Fund. Per Diem and other costs for the seven-member Livestock Market Committee (UCA 4-30-2) are included in the Current Expense line.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	689,000	957,500	965,600	8,100
General Fund, One-time	70,700	1,500		(1,500)
Federal Funds	84,600	14,700	14,700	
Dedicated Credits Revenue	18,300	24,800	24,800	
Transfers	19,000			
Beginning Nonlapsing	58,300	63,200		(63,200)
Closing Nonlapsing	(63,200)			
Lapsing Balance	10,100			
Total	\$886,800	\$1,061,700	\$1,005,100	(\$56,600)
Expenditures				
Personal Services	528,300	463,700	457,200	(6,500)
In-State Travel	4,400	5,000	5,000	
Out of State Travel	6,200	9,000	9,000	
Current Expense	105,800	87,600	72,400	(15,200)
DP Current Expense	29,900	33,400	31,500	(1,900)
Capital Outlay	49,100	33,000		(33,000)
Other Charges/Pass Thru	163,100	430,000	430,000	
Total	\$886,800	\$1,061,700	\$1,005,100	(\$56,600)
FTE/Other				
Total FTE	7.8	7.5	7.5	0.0

*Non-state funds as estimated by agency

Purpose

The aim of the program is to maintain the disease free status and promote the marketability of Utah animals. This benefits the animals, the livestock industry, and the public. The program administers various state and federal cooperative disease control programs. It monitors animal imports to the state, reviews all Certificates of Veterinary Inspection, contracts with local veterinarians for vaccinations, and inspects aquaculture facilities, slaughter plants, brine shrimp plants, dog food plants, etc. A staff of veterinarians carries out most of the work. Homeland security is a significant aspect of the program.

Performance Measures

Description	2001	2002	2003
Tests for Trichomoniasis / # Positive (compared to 118 cases in 1999)	/67	/50	16,000/53
Tests for Chronic Wasting Disease / # Positive (all wild)	/0	/2	3,088/6

Tests for Equine Infectious Anemia / # Positive	/1	/6	6,184/0
Positive tests for Johne's Disease	59	83	0
Tests for Whirling Disease / # Positive			2,200/3
Tests for BSE (Mad Cow Disease) / # Positive			624/0
Tests for West Nile Virus / # Positive (all horses)			150/35
Tests for Tuberculosis / # Positive			3,300/0
Tests for Brucellosis / # Positive			58,719/0

**Previous Budget
Action Report**

During the 2003 General Session the Legislature approved an ongoing General Fund increase of \$250,000 beginning in FY 2004 to pay for leasing and maintenance of the Central Utah Animal Diagnostic Lab. Construction on the lab is complete and it has been open for business since summer 2003.

3.5 Agricultural Inspection

Recommendation

The Analyst recommends a total budget of **\$1,693,000**. The major funding source is the General Fund. Dedicated credits come from fees charged, although some fees charged by this division are deposited in the state General Fund.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	995,300	1,060,400	1,058,800	(1,600)
General Fund, One-time	45,900	3,500		(3,500)
Federal Funds	240,500	401,400	400,800	(600)
Dedicated Credits Revenue	270,300	233,600	233,400	(200)
Transfers	12,900			
Beginning Nonlapsing	347,200	389,100		(389,100)
Closing Nonlapsing	(389,100)			
Lapsing Balance	64,800			
Total	\$1,587,800	\$2,088,000	\$1,693,000	(\$395,000)
Expenditures				
Personal Services	1,143,500	1,427,200	1,403,600	(23,600)
In-State Travel	35,800	30,200	25,200	(5,000)
Out of State Travel	18,700	12,600	10,600	(2,000)
Current Expense	254,900	252,400	191,700	(60,700)
DP Current Expense	67,500	106,200	43,300	(62,900)
Capital Outlay	15,800	115,000		(115,000)
Other Charges/Pass Thru	51,600	144,400	18,600	(125,800)
Total	\$1,587,800	\$2,088,000	\$1,693,000	(\$395,000)
FTE/Other				
Total FTE	23.9	26.9	26.9	0.0

*Non-state funds as estimated by agency

Purpose

This program performs a wide scope of inspection, regulatory and enforcement activities, including: Pesticide product registration (UCA 4-13); Fertilizer product registration and sampling (4-14); Nursery licensing and inspection (4-15); Inspection and grading of fresh fruits and vegetables; USDA Restricted Use pesticide record auditing; Utah Noxious Weed Act enforcement (4-16); Animal feed product registration and sampling (4-12); and Seed inspection and sampling (4-16). District field representatives perform inspections and regulatory functions throughout the state. Seasonal personnel are employed as needed. Office personnel are utilized to handle the registrations for pesticide, fertilizer, and feed.

The pesticide program includes applicator certification, pesticide enforcement, worker protection standards, endangered species protection, and groundwater protection.

**Intent
Language**

The Analyst recommends **keeping** the following items of intent language from H.B. 1, 2003 General Session:

It is the intent of the Legislature that the appropriation to the Agricultural Inspection Program be nonlapsing.

It is the intent of the Legislature that funds collected in the Organic Certification Program be nonlapsing.

**Performance
Measures**

Description	FY 2002	FY 2003
Pesticide use and compliance investigations	110	121
Samples of feed, seed and fertilizer products for guarantee analysis	3,450	3,450
Nursery inspections	650	700
Inspect and certify Utah fruit and vegetables (number of inspections)	990	950

**Previous Budget
Action Report**

During the 2003 General Session the Legislature approved fee increases to help fund the operations of this program. The program's Dedicated Credits appropriation was increased by \$79,000 to authorize expenditure of the fee revenues.

3.6 Regulatory Services

Recommendation

The Analyst recommends a total budget of **\$2,383,400**. Personal Services comprise 85 percent of the recommended appropriation. Federal dollars are used for inspecting egg producers/retailers, inspecting meat handlers, grading dairy products, and inspecting school lunches. Dedicated Credits come from fees charged for inspections of certain operations where food or dairy products are handled.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	1,674,500	1,965,700	1,977,400	11,700
General Fund, One-time	74,400	4,700		(4,700)
Federal Funds	127,200	114,000	113,700	(300)
Dedicated Credits Revenue	330,900	252,700	292,300	39,600
Beginning Nonlapsing	293,200	128,400		(128,400)
Closing Nonlapsing	(128,400)			
Lapsing Balance	(68,900)			
Total	\$2,302,900	\$2,465,500	\$2,383,400	(\$82,100)
Expenditures				
Personal Services	1,713,700	1,995,700	2,025,600	29,900
In-State Travel	30,600	24,800	24,800	
Out of State Travel	11,800	24,600	24,600	
Current Expense	182,500	208,700	203,400	(5,300)
DP Current Expense	93,100	71,700	65,000	(6,700)
Capital Outlay	234,000	100,000		(100,000)
Other Charges/Pass Thru	37,200	40,000	40,000	
Total	\$2,302,900	\$2,465,500	\$2,383,400	(\$82,100)
FTE/Other				
Total FTE	36.9	42.5	43.5	1.0
*Non-state funds as estimated by agency				

Egg and Poultry Grader

Growth at Delta Egg Farms requires one additional egg inspector. Under cooperative agreement with the United States Department of Agriculture, the Utah Department of Agriculture and Food inspects all egg products from Utah producers. The UDAF also is also under contract with Delta Egg Farms. The Analyst recommends the Legislature appropriate \$40,300 entirely from fees charged to Delta Egg Farms.

Dedicated Credits.....\$40,300

Purpose

This program can be broken down into seven areas: food compliance, dairy compliance, retail meat compliance, egg and poultry grading, product labeling, upholstery and bedding inspection, and weights and measures. The program's prime responsibility is to ensure that Utah consumers receive a safe, wholesome, and properly labeled supply of food, and other agricultural products.

**Performance
Measures**

Description	2001	2002
Consumer complaints responded to	679	522
Gas pumps inspected (out of about 30,500)	13,467	13,393
Scanners inspected	388	328
Scales inspected	7,417	8,209
Food establishments inspected	4,148	4,138

**Previous Budget
Action Report**

In the 2003 General Session the Legislature approved an ongoing General Fund increase of \$266,000 (starting in FY 2004) for this program. At one point the Legislature considered substantial fee increases, but in the end decided that a General Fund appropriation would be proper.

3.7 Public Affairs

Recommendation

The Analyst recommends an appropriation of **\$77,200**, entirely from the General Fund. Aside from Personal Services (84 percent of the appropriation), the single largest expense in this program is printing and binding.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	76,700	77,500	77,200	(300)
General Fund, One-time		200		(200)
Beginning Nonlapsing	4,200	7,000		(7,000)
Closing Nonlapsing	(7,000)			
Lapsing Balance	4,100			
Total	\$78,000	\$84,700	\$77,200	(\$7,500)
Expenditures				
Personal Services	64,400	65,800	65,200	(600)
In-State Travel		1,400	1,400	
Out of State Travel	1,400	2,000	2,000	
Current Expense	9,100	7,100	6,000	(1,100)
DP Current Expense	3,500	5,900	2,600	(3,300)
Other Charges/Pass Thru	(400)	2,500		(2,500)
Total	\$78,000	\$84,700	\$77,200	(\$7,500)
FTE/Other				
Total FTE	1.0	1.0	1.0	0.0

*Non-state funds as estimated by agency

Purpose

The Public Information Officer (PIO) provides information regarding the regulatory duties, food safety inspections, and marketing services offered by the department. The PIO is responsible for informing agricultural producers of changes in laws that affect them. The PIO is also responsible for informing the general public about actions the department takes to protect the food supply. The office uses all methods of communication, including the press, advertising space, newsletters, conferences and seminars, and the Internet.

3.8 Sheep Promotion

Recommendation

The Analyst recommends a budget of **\$50,000** funded entirely from the General Fund Restricted - Agricultural and Wildlife Damage Prevention Account. The Department will be authorized to spend up to the appropriated amount, but will be limited by the actual account balance. In **FY 2003** the amount spent was **\$26,500**. There are no FTEs in the program.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
GFR - Wildlife Damage Prev	50,000	50,000	50,000	
Lapsing Balance	(23,500)			
Total	\$26,500	\$50,000	\$50,000	\$0
Expenditures				
Other Charges/Pass Thru	26,500	50,000	50,000	
Total	\$26,500	\$50,000	\$50,000	\$0

*Non-state funds as estimated by agency

Purpose

The Department, by law, contracts with the Utah Woolgrowers Association to conduct promotional and educational programs. Statistical data and market information are presented to all woolgrowers comparing market price of lambs in Utah with other areas of the country so that the best market decisions might be made. Department representatives meet with woolgrowers at regular meetings to help stimulate and strengthen sheep and wool producer programs by discussing problems facing the industry and the alternatives necessary to solve them.

3.9 Auction Market Veterinarians

Recommendation

The Analyst recommends a total budget of **\$72,000** funded entirely from Dedicated Credits. These funds are used to pay for the services of contract veterinarians. There are no FTEs in the program.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
Dedicated Credits Revenue	72,700	72,000	72,000	
Total	\$72,700	\$72,000	\$72,000	\$0
Expenditures				
Current Expense	72,700	72,000	72,000	
Total	\$72,700	\$72,000	\$72,000	\$0

*Non-state funds as estimated by agency

Purpose

There are ten auction markets held throughout the state. The markets are in Smithfield, Weber, Ogden, Roosevelt, Spanish Fork, Utah Livestock Auction, Delta, Cedar City, Richfield, and Salina. A veterinarian inspects all animals that pass through the market. The veterinarian receives \$170 from the Department of Agriculture and Food for performing this service. The auction pays this fee to the Department. In addition, the veterinarian is paid directly by the livestock producers for blood tests, pregnancy tests, and vaccinations.

3.10 Brand Inspection

Recommendation

The Analyst recommends this program's funding level at **\$1,195,800**, from two sources: the General Fund and the General Fund Restricted – Utah Livestock Brand and Anti-Theft Fund. Over the years the proportion of this budget coming from General Funds has been declining. Monies flow into the restricted account from brand inspection fees (see fees section).

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	411,400	422,900	418,800	(4,100)
General Fund, One-time		1,000		(1,000)
GFR - Livestock Brand	687,800	738,600	777,000	38,400
Beginning Nonlapsing	2,100	200		(200)
Closing Nonlapsing	(200)			
Lapsing Balance	5,700			
Total	\$1,106,800	\$1,162,700	\$1,195,800	\$33,100
Expenditures				
Personal Services	877,100	919,800	926,600	6,800
In-State Travel	39,100	46,900	46,900	
Out of State Travel	3,000	5,100	5,100	
Current Expense	174,800	175,900	176,300	400
DP Current Expense	25,900	15,000	40,900	25,900
Other Charges/Pass Thru	(13,100)			
Total	\$1,106,800	\$1,162,700	\$1,195,800	\$33,100
FTE/Other				
Total FTE	23.2	22.5	22.5	0.0

*Non-state funds as estimated by agency

Brand Renewal Process

The department is mandated by law (UCA 4-24-7) to renew all livestock brands and earmarks on record every five years and to produce a brand book for general distribution. Approximately 20,000 such records are on file. During the year 2005 the department will conduct its next review and ensure that every livestock owner in the state be given the opportunity to renew his/her brand or earmark for an additional five years. At the end of the process a brand book will be published. Funding comes from restricted funds.

GFR – Livestock Brand Account.....\$40,000

Purpose

The Brand Inspection program was established to keep the loss of livestock through theft and stray to a minimum. Loss prevention is accomplished through enforcement of the brand and stray laws (UCA 4-24 and 4-25) by field and auction inspectors who check all cattle and horses prior to sale, slaughter, or movement across state lines. The program also maintains a brand recording system so that ownership of animals can be readily determined through a master brand identification book. The brand book is published every five years.

In 1997 the Legislature gave this program responsibility of monitoring and regulating elk farming, and in 1999, private elk hunting. Livestock inspectors ensure animal identification, theft protection, genetic purity, and disease control. Domestic elk are now included in the department's definition of livestock.

Performance Measures

Description	FY 2002	FY 2003
Physically inspected cattle, horses and elk to verify ownership (number of head)	729,511	639,511
Brand renewals completed	23,000	23,000
New brands and earmarks registered	653	490
Stray animals returned to owners	2,887	2,910
Dollar value of strays returned to owners	\$1.3M	\$1.3M
Stolen animals returned to owners	158	62

Previous Budget Action Report

During the 2003 General Session the Legislature approved fee increases amounting to \$27,600 in new revenues to fund this program's operations. The fee revenues are deposited into and appropriated from the General Fund Restricted – Utah Livestock Brand and Anti-Theft Account.

3.11 Utah Horse Commission

Recommendation

The Analyst recommends an appropriation of **\$50,000** from the General Fund Restricted - Horse Racing Account. Usually only about half the appropriation is needed. Revenues come to the restricted account from license fees paid by participants in racing and other racetrack activities. The account is dedicated to financing mandated regulatory responsibilities.

	2003 Actual	2004 Estimated*	2005 Analyst	Est/Analyst Difference
Financing				
GFR - Horse Racing	50,000	50,000	50,000	
Lapsing Balance	(22,300)			
Total	<u>\$27,700</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$0</u>
Expenditures				
Personal Services	500	1,300	1,300	
In-State Travel	1,900	2,200	2,200	
Current Expense	300	1,000	1,000	
Other Charges/Pass Thru	25,000	45,500	45,500	
Total	<u>\$27,700</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$0</u>

*Non-state funds as estimated by agency

Purpose

The five-member Utah Horse Racing Commission was created under the Utah Horse Regulation Act (UCA 4-38). The commission provides a regulatory structure, administers rules and regulations, issues licenses, collects license fees, sanctions tracks and pays for approved expenses such as:

- Stewards (Commission may delegate three Stewards at each race meet to enforce rules);
- Veterinarians;
- Blood and urine testing;
- Assistance with insurance and other items mandated by the Act.

Performance Measures

Description	FY 2002	FY 2003
Racing events approved/sanctioned	10	10
Violations found through random drug tests	0	0
Revenue generated by licensing participants	\$18,550	\$16,830
Year-end restricted account balance (compare to \$72,200 at end of FY 2000)	\$50,100	\$39,300

3.12 Agricultural Environmental Quality

Recommendation

The Analyst recommends a total budget of **\$1,490,800**. Dedicated Credits come from work performed for the Division of Water Quality in the Department of Environmental Quality. Federal funds are granted for protecting water quality at AFO/CAFOs and for promoting specialty crops relating to groundwater salinity.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	291,600	297,600	295,500	(2,100)
General Fund, One-time		800		(800)
Federal Funds	868,300	654,100	654,100	
Dedicated Credits Revenue		541,800	541,200	(600)
Transfers	1,240,200			
Beginning Nonlapsing	46,200	46,900		(46,900)
Closing Nonlapsing	(46,900)			
Lapsing Balance	(36,600)			
Total	\$2,362,800	\$1,541,200	\$1,490,800	(\$50,400)
Expenditures				
Personal Services	400,100	407,500	406,200	(1,300)
In-State Travel	9,800	9,300	9,300	
Out of State Travel	5,300	8,100	8,100	
Current Expense	37,800	45,600	35,600	(10,000)
DP Current Expense	31,900	27,400	18,300	(9,100)
Capital Outlay		20,000		(20,000)
Other Charges/Pass Thru	1,877,900	1,023,300	1,013,300	(10,000)
Total	\$2,362,800	\$1,541,200	\$1,490,800	(\$50,400)
FTE/Other				
Total FTE	7.0	7.0	7.0	0.0

*Non-state funds as estimated by agency

Purpose

This program administers the agricultural portion of Utah's nonpoint source water pollution control and prevention program. The program provides incentive funding assistance to farmers and ranchers to voluntarily implement structural and management practices which help prevent animal waste and soil sediment from entering the state's water in priority watersheds. Funds are also used to in conjunction with private and other government resources. This program is divided into three areas: Watershed Management, Groundwater Management, and Information and Education. Assistance is given to farmers and ranchers to meet the mandates of the federal Clean Water Act and the water quality rules of the State of Utah.

**Performance
Measures**

Description	FY 2002	FY 2003
Projects initiated to incentivize farmers and ranchers to address water quality concerns	29	40
EPA grants contracted to implement water quality programs among farmers and ranchers	\$1.5M	\$1.5M
Contracts to landowners to reduce agricultural salt loading into the Colorado River	\$770,000	\$1.1M

Note: More detail on the nature of projects, grants, and contracts is available from the department.

3.13 Grain Inspection

Recommendation

The Analyst recommends a budget of **\$443,700** funded from Dedicated Credits. However, it is not likely that the full appropriation will be collected (see FY 2003 actual, when the department transferred \$37,200 General Funds from the Agricultural Inspection program). The pass-through in this program goes to the Federal Grain Inspection Service. Full-Time Equivalents shown in FY 2004 and FY 2005 are authorized amounts; actual FTEs worked will probably be similar to the actual FY 2003 amount.

	2003 Actual	2004 Estimated*	2005 Analyst	Est/Analyst Difference
Financing				
General Fund	37,200			
Dedicated Credits Revenue	214,000	433,700	433,700	
Lapsing Balance	400			
Total	\$251,600	\$433,700	\$433,700	\$0
Expenditures				
Personal Services	218,400	384,400	383,100	(1,300)
In-State Travel	300	1,200	1,200	
Out of State Travel		2,100	2,100	
Current Expense	25,600	30,800	32,100	1,300
Other Charges/Pass Thru	7,300	15,200	15,200	
Total	\$251,600	\$433,700	\$433,700	\$0
FTE/Other				
Total FTE	5.0	10.0	10.0	0.0
*Non-state funds as estimated by agency				

Purpose

Grain inspection services are provided under authority of UCA 4-2 and under the authority of the Federal Grain Inspection Service. All grain common to Utah may be officially inspected and graded to U.S. standards. These services are provided on a fee basis to grain elevators, flour mills, farmers, and others. Being funded entirely by dedicated credits, the program has some flexibility to adjust its size to meet the demands of the industry.

Intent Language

The Analyst recommends **maintaining** the following intent language from H.B. 1, 2003 General Session:

It is the intent of the Legislature that the appropriation to the Grain Inspection Program be nonlapsing.

Performance Measures

Description	FY 2002	FY 2003
Total grain inspections and tests	34,523	30,932

3.14 Insect Infestation

Recommendation

The Analyst recommends a budget of **\$215,500**, funded mostly by the General Fund. Personal Services comprise **84** percent of the recommended appropriation. There are five full-time employees in this area (one is vacant), with an additional 2.5 FTEs being worked by ten individuals. Personal Services costs shown in FY 2005 do not include the vacant full-time position or the 2.5 part-time FTEs, all of which will be funded only if additional revenue is available (as in FY 2003 and 2004).

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	198,900	203,000	202,700	(300)
General Fund, One-time	58,800	230,700		(230,700)
Federal Funds	250,400	12,800	12,800	
Dedicated Credits Revenue	48,800			
Beginning Nonlapsing	94,800	115,100		(115,100)
Closing Nonlapsing	(115,100)			
Total	\$536,600	\$561,600	\$215,500	(\$346,100)
Expenditures				
Personal Services	368,600	342,000	180,800	(161,200)
In-State Travel	23,100	8,000	8,000	
Out of State Travel	1,400	1,400	1,400	
Current Expense	63,200	67,300	22,700	(44,600)
DP Current Expense	3,700	2,900	2,600	(300)
Other Charges/Pass Thru	76,600	140,000		(140,000)
Total	\$536,600	\$561,600	\$215,500	(\$346,100)
FTE/Other				
Total FTE	6.7	7.5	7.5	0.0

*Non-state funds as estimated by agency

Increased Funds for Insect Control

The number of acres infested by crickets and grasshoppers in Utah continues to be high, estimated at 3.4 million acres in 2003. The Legislature has appropriated supplemental funds to the department during four of the past five years to take control measures. The Analyst will also recommend supplemental funding for FY 2004 (if funds become available) but does not currently recommend additional funding for FY 2005, which can be handled on a supplemental basis next year.

Purpose

The Insect Infestation Control Act of 1985 (UCA 4-35) mandates an effective control of insects that are extremely harmful to agricultural production in Utah. The law further provides quarantine powers to the Commissioner to prevent the spread or invasion of plant pests and disease. Program employees perform insect surveys and trappings.

The grasshopper and cricket infestation of 2003 was the worst since the 1930s. Early egg surveys indicate the infestation of 2004 could be worse barring a wet spring and effective control measures from all levels of government.

Performance Measures

Description	1999	2000	2001	2002	2003
Acres infested with crickets and grasshoppers	1.2M	1.2M	3.2M	3.3M	3.4M
Acres treated for crickets and grasshoppers	-	-	30,000	49,342	188,133
Gypsy Moth traps placed	5,461	6,905	5,046	3,812	3,534
Africanized bee traps placed	150	150	150	150	150
Japanese Beetle traps placed	600	600	600	600	600

Previous Building Block Report

In the 2003 General Session the Legislature approved the following budget actions:

- \$30,000 one-time transfer of FY 2004 General Funds from the Division of Forestry, Fire and State Lands (DNR) to combat insect infestations
- \$200,000 one-time transfer of FY 2004 General Funds from the Division of Wildlife Resources to combat insect infestations
- \$50,000 one-time supplemental FY 2003 General Fund appropriation to combat insect infestations

These actions follow a supplemental FY 2002 appropriation of \$120,000 and a supplemental FY 2000 appropriation of \$130,000.

3.15 Marketing and Conservation

Recommendation

The Analyst recommends a total budget of **\$303,800** funded entirely from the General Fund.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	384,800	305,200	303,800	(1,400)
General Fund, One-time		800		(800)
Federal Funds	607,800			
Transfers	4,600			
Beginning Nonlapsing	69,600	23,200		(23,200)
Closing Nonlapsing	(23,200)			
Lapsing Balance	(57,500)			
Total	\$986,100	\$329,200	\$303,800	(\$25,400)
Expenditures				
Personal Services	260,100	201,400	192,600	(8,800)
In-State Travel	3,000	3,000	3,000	
Out of State Travel	7,400	3,800	3,800	
Current Expense	123,800	64,100	63,900	(200)
DP Current Expense	24,300	19,400	10,500	(8,900)
Capital Outlay		7,500		(7,500)
Other Charges/Pass Thru	567,500	30,000	30,000	
Total	\$986,100	\$329,200	\$303,800	(\$25,400)
FTE/Other				
Total FTE	4.5	3.0	3.0	0.0

*Non-state funds as estimated by agency

Purpose

The marketing arm of this program helps production agriculture in economic development by expanding markets, adding value to locally-produced commodities, developing new products and promoting further in-state processing for state, national, and international markets. The “Utah’s Own” program identifies Utah products to the local consumer. The success of the 2002 Winter Olympics has established global name recognition for Utah. The department works with food companies and agribusiness as part of the governor’s Olympic trade missions. This section also disburses the appropriation for eighteen junior livestock shows.

The conservation arm of this program helps farmers and ranchers protect the state’s soil and water resources through soil conservation and water quality programs, coordination of the ARDL program, the EPA 319 Water Quality program, rangeland monitoring, and a groundwater monitoring program.

Performance Measures

Description	FY 2002	FY 2003
Companies participating in “Utah’s Own”	55	55

New ARDL loans	\$6.1M	\$3.3M
New Rural Rehab loans	\$1.5M	\$1.0M

**Previous Budget
Action Report**

In the 2003 General Session the Legislature cut ongoing funding for the Market News program by \$85,000 beginning in FY 2004. This cut was part of an additional two percent budget reduction required of the subcommittee. The subcommittee decided upon the cut in consultation with the department.

4.0 Additional Information: Administration

4.1 Funding History

	2001	2002	2003	2004	2005
Financing	Actual	Actual	Actual	Estimated*	Analyst
General Fund	7,584,000	7,585,000	7,257,200	7,836,000	7,836,700
General Fund, One-time	315,000	197,200	375,000	310,700	
Federal Funds	1,893,700	2,535,800	3,270,800	2,122,400	2,118,600
Dedicated Credits Revenue	811,800	779,000	983,200	1,568,600	1,607,400
GFR - Horse Racing	50,000	50,100	50,000	50,000	50,000
GFR - Livestock Brand	737,500	687,200	700,500	751,300	789,700
GFR - TB & Bangs Control	10,000	6,800			
GFR - Wildlife Damage Prev	63,500	61,400	66,500	66,400	66,400
Transfers	714,200	1,951,900	1,302,900		
Beginning Nonlapsing	1,322,000	1,584,800	1,416,400	1,216,300	
Closing Nonlapsing	(1,584,800)	(1,416,400)	(1,216,300)		
Lapsing Balance	(101,300)	(71,300)	(136,300)		
Total	\$11,815,600	\$13,951,500	\$14,069,900	\$13,921,700	\$12,468,800
Programs					
General Administration	1,361,300	1,549,600	1,487,000	1,603,100	1,174,500
Meat Inspection	1,574,600	1,539,100	1,525,600	1,678,200	1,641,000
Chemistry Laboratory	707,900	811,000	831,000	740,100	683,000
Animal Health	742,200	848,000	886,800	1,061,700	1,005,100
Agriculture Inspection	1,513,000	1,509,200	1,587,800	2,088,000	1,693,000
Regulatory Services	2,017,000	2,083,000	2,302,900	2,465,500	2,383,400
Public Affairs	77,600	85,500	78,000	84,700	77,200
Sheep Promotion	28,600	38,300	26,500	50,000	50,000
Auction Market Veterinarians	71,400	69,600	72,700	72,000	72,000
Brand Inspection	1,056,900	1,082,800	1,106,800	1,162,700	1,195,800
Utah Horse Commission	24,400	32,900	27,700	50,000	50,000
Environmental Quality	1,260,800	2,852,000	2,362,800	1,541,200	1,490,800
Grain Inspection	250,200	193,800	251,600	433,700	433,700
Insect Inspection	557,700	584,200	536,600	561,600	215,500
Marketing and Development	444,100	637,000	986,100	329,200	303,800
Research	127,900	35,500			
Total	\$11,815,600	\$13,951,500	\$14,069,900	\$13,921,700	\$12,468,800
Expenditures					
Personal Services	8,208,600	8,388,300	8,585,300	9,314,200	9,113,000
In-State Travel	146,500	142,200	164,000	156,600	151,600
Out of State Travel	75,100	61,100	73,700	93,600	91,600
Current Expense	1,455,000	1,426,100	1,469,300	1,309,200	1,158,900
DP Current Expense	455,800	352,200	481,100	433,100	311,100
Capital Outlay	2,700	298,100	376,100	422,700	
Other Charges/Pass Thru	1,471,900	3,283,500	2,920,400	2,192,300	1,642,600
Total	\$11,815,600	\$13,951,500	\$14,069,900	\$13,921,700	\$12,468,800
FTE/Other					
Total FTE	180.3	175.2	173.4	186.1	187.1

*Non-state funds as estimated by agency.

4.2 Federal Funds

			FY 2003 Actual	FY 2004 Estimated	FY 2005 Analyst
Program:	General Admin	Federal	246,200	3,100	3,100
Fed Agency:	USDA	State Match	5,800	1,300	1,300
Purpose:	Loan Mediation/Organic Cert.	Total	252,000	4,400	4,400
Program:	Meat Inspection	Federal	763,700	864,900	862,600
Fed Agency:	USDA	State Match	790,000	778,700	776,400
Purpose:	Meat Inspection	Total	1,553,700	1,643,600	1,639,000
Program:	Chemistry Lab	Federal	82,100	57,400	56,800
Fed Agency:	EPA and USDA	State Match	33,100	15,100	15,000
Purpose:	Pesticide and Meat Insp	Total	115,200	72,500	71,800
Program:	Animal Health	Federal	84,600	14,700	14,700
Fed Agency:	USDA	State Match	36,200	14,700	14,700
Purpose:	Inspection/Security	Total	120,800	29,400	29,400
Program:	Plant Industry	Federal	240,500	401,400	400,800
Fed Agency:	EPA	State Match	61,500	114,100	114,100
Purpose:	Pesticide Regulation	Total	302,000	515,500	514,900
Program:	Regulatory Services	Federal	127,200	114,000	113,700
Fed Agency:	USDA	State Match	31,000	46,100	46,100
Purpose:	Grading and Inspection	Total	158,200	160,100	159,800
Program:	Insect Infestation	Federal	250,400	12,800	12,800
Fed Agency:	USDA and EPA	State Match	119,800	5,500	5,500
Purpose:	Control of Various Insects	Total	370,200	18,300	18,300
Program:	Enviro Quality	Federal	868,300	654,100	654,100
Fed Agency:	USDA, EPA and BLM	State Match			
Purpose:	Environmental Practices	Total	868,300	654,100	654,100
Program:	Marketing & Development	Federal	607,800		
Fed Agency:	USDA	State Match			
Purpose:	Product Promotion	Total	607,800	0	0
		Federal Total	3,270,800	2,122,400	2,118,600
		State Total	1,077,400	975,500	973,100
		Total	4,348,200	3,097,900	3,091,700